

**Washington State Auditor's Office**  
**Audit Report**

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**Grays Harbor Conservation District**  
**Grays Harbor County**

**Audit Period**  
**January 1, 1997 through December 31, 1999**

**Report No. 62256**

Issue Date  
**May 11, 2001**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_  
Brian Sonntag

# Audit Summary

**Grays Harbor Conservation District  
Grays Harbor County  
January 1, 1997 through December 31, 1999**

## ***ABOUT THE AUDIT***

This report contains the results of our independent audit of the Grays Harbor Conservation District for the period January 1, 1997, through December 31, 1999.

Audit procedures were performed to determine whether the District complied with state laws and regulations, its own policies and procedures and applicable grant requirements. We also evaluated the internal controls established by District management. Our audit work focused on areas with a potential risk for abuse or misuse of public resources.

## ***RESULTS***

The District complied with state laws and regulations, its own policies and procedures, and grant requirements. Its financial statements were complete and accurate.

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Grays Harbor County  
January 1, 1997 through December 31, 1999**

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# Description of the District

## **Grays Harbor Conservation District Grays Harbor County January 1, 1997 through December 31, 1999**

### ***ABOUT THE DISTRICT***

The Grays Harbor Conservation District was created in 1948 to promote conservation services and education in Grays Harbor County. It is one of 48 conservation districts in the state. A Board of five Supervisors, three of whom are elected, and two appointed by the Washington State Conservation Commission, administers the District.

The Washington State Conservation Commission provides the District assistance in obtaining and administering grants, program and field staff to assist in conservation projects, and helps the District coordinate its efforts with other local, state and federal agencies.

The District's annual revenue was approximately \$452,321, \$324,822 and \$403,658 in 1999, 1998 and 1997, respectively. The District had one full-time and two part-time employees.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Supervisors:  
Chair

Stephen Dzubay, Sr.  
Jim Austin  
Dean Schwickerath

### ***APPOINTED OFFICIALS***

Board of Supervisors:  
Vice Chair

Gregg Schmitz  
Terry Willis

Official Also Served

Tom Casey

### ***ADDRESS***

District

330 Pioneer Avenue West  
Montesano, WA 98563-4499  
(360) 249-5980

# Audit Areas Examined

## **Grays Harbor Conservation District Grays Harbor County January 1, 1997 through December 31, 1999**

In keeping with general auditing practices, we do not examine every portion of the Grays Harbor Conservation District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### ***LEGAL COMPLIANCE***

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Cash receipting and depositing
- Open Public Meetings Act
- Payroll
- Investment requirements
- State grant requirements
- Disbursements
- Small and attractive assets

### ***FINANCIAL AREAS***

In addition to the financial-related work listed in other categories, we audited the following areas:

- Overall presentation of the financial statements and accompanying notes
- Cash and investments
- Revenues and expenditures

# Audit Overview

## **Grays Harbor Conservation District Grays Harbor County January 1, 1997 through December 31, 1999**

### ***AUDIT HISTORY***

We audit the Grays Harbor Conservation District every three years. The past three audits of the District have been free of findings. We believe this is a reflection of management's commitment to be accountable to the residents of the District.

### ***CONCLUSIONS***

In the areas examined, the District complied with state laws and regulations and its own policies and procedures. We found the District's financial statements were complete and accurate.

Cash handling procedures and controls over grant activities were a major focus of the audit. During our review of the District's cash handling procedures, we noted the District had adequate controls over the cash handling procedures. However, during our review of state grant requirements, we noted the District received \$5,876.84 from the Department of Transportation, that it was not entitled to. The error occurred because the District did not consider local matching funds in preparing reimbursement requests and claimed 100 percent of actual expenditures incurred. We have recommended to District management that they contact the Department to determine a solution for this situation. We expect the issues will be discussed, addressed and resolved before our next audit.

We thank the District's personnel for their assistance and cooperation during the audit.

# Independent Auditor's Report on Compliance with State Laws and Regulations

## **Grays Harbor Conservation District Grays Harbor County January 1, 1997 through December 31, 1999**

Board of Supervisors  
Grays Harbor Conservation District  
Montesano, Washington

We have audited the financial statements of the Grays Harbor Conservation District, Grays Harbor County, Washington, as of and for the years ended December 31, 1999, 1998 and 1997, and have issued our report thereon dated November 27, 2000.

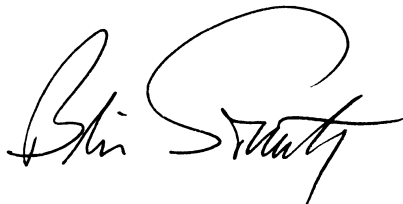
We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the District's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

However, we noted certain matters involving noncompliance not significant enough to report as findings that we have reported to management of the District in a separate letter dated February 28, 2001.

This report is intended for the information of management and the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

November 27, 2000

# Independent Auditor's Report on Financial Statements

## **Grays Harbor Conservation District Grays Harbor County January 1, 1997 through December 31, 1999**

Board of Supervisors  
Grays Harbor Conservation District  
Montesano, Washington

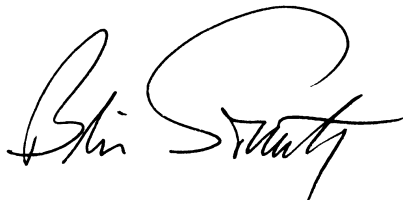
We have audited the accompanying financial statements of the Grays Harbor Conservation District, Grays Harbor County, Washington, for the years ended December 31, 1999, 1998 and 1997. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Grays Harbor Conservation District for the years ended December 31, 1999, 1998 and 1997, on the cash basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of State and Local Financial Assistance are presented for purposes of additional analysis. These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

November 27, 2000



# Financial Statements

**Grays Harbor Conservation District  
Grays Harbor County  
January 1, 1997 through December 31, 1999**

## ***FINANCIAL STATEMENTS***

Fund Resources and Uses Arising from Cash Transactions – 1999, 1998 and 1997  
Notes to Financial Statements – 1999, 1998 and 1997

## ***ADDITIONAL INFORMATION***

Schedule of State and Local Financial Assistance – 1999  
Schedule of State and Local Financial Assistance – 1998  
Schedule of State and Local Financial Assistance – 1997  
Notes to the Schedule of Financial Assistance – 1999, 1998 and 1997